THE OHIO STATE UNIVERSITY
OFFICE OF GOVERNMENT AFFAIRS

House Public Health Policy Committee
HB 177 – Copay Accumulator Legislation
Interested Party Testimony

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Chair Lipps, Vice Chair Stewart, Ranking Member Liston, and members of the Ohio Public Health Policy Committee—my name is Mike Rodgers, and I am the Associate Vice President for State Relations at The Ohio State University. I appreciate the opportunity to present written interested party testimony on House Bill 177, legislation that prohibits certain health insurance cost-sharing practices.

It is important to point out that Ohio State is not an insurance company. Instead, we are a large public employer that provides self-insured medical and prescription drug benefits to Ohio State's faculty, staff, designated affiliates, and eligible dependents through the Ohio State University Faculty and Staff Health Plan ("Plan"). The total lives currently covered under the Plan is approximately 70,500.

While I readily acknowledge the patient-focused intent of the legislation and the positive benefits it may have for many Ohioans, some of the benefits our employees receive through our self-insured plan will be adversely affected by this bill. My goal is to make sure you are aware of these impacts as you consider this important legislation.

Ohio State, like many employers in Ohio and nationwide, has continued to experience significant increases in annual pharmacy costs. A large portion of this trend is attributable to the rising cost of specialty drugs. In 2022 alone, the cost of specialty medications paid through Ohio State's Plan accounted for more than 54% of the overall pharmacy spend. For certain prescriptions, pharmaceutical manufacturers have long offered copay assistance programs to help patients afford specialty medications. Copay assistance—sometimes referred to as "coupons"—are benefits offered by manufacturers that reduce the price of specialty drugs.

For illustrative purposes only, consider a hypothetical involving the specialty drug Humira®. Let's say Humira® costs $5,000 a month, and in the absence of a coupon the member (patient) is responsible for $100, and the plan pays $4,900. In the alternative, if the manufacturer offers a $1,000 coupon lowering the cost of our hypothetical Humira® from $5,000 to $4,000, and the patient's copay is $25 due to the benefits of the Plan, both the plan member and the self-insured plan are benefiting significantly from these savings—it's a win-win.

If the current draft of HB 177 is enacted as written, the patient in the example above would get to count the $1,000 covered by the manufacturer's coupon, and the $25 they actually paid toward their out-of-pocket maximum. This is critically important because instead of our insured getting credit for having met $25 dollars of their annual out-of-pocket maximum, the number will be artificially inflated as if they spent $1,025 toward their maximum. In the case of high-cost

specialty medications, the annual prescription out-of-pocket maximum under Ohio State's Plan ($2,500 per individual and $5,000 per family) could be artificially met after only one or two fills of the medication.

This creates several substantive policy issues the legislature should strongly consider:

1. **As drafted, there is a high likelihood that HB 177 will create inequity among Ohio State health plan members due to disparities in how out-of-pocket cost requirements are calculated for members using specialty drugs.**

A member whose medication(s) is not covered by a copay assistance program must continue to pay for their out-of-pocket expenses until the Plan's annual maximum is legitimately reached. As drafted, members under a copay assistance program are responsible for only a small portion of the Plan's annual maximum because the actual maximum is subsidized with what is paid by the drug manufacturer.

2. **As drafted, there is a high likelihood HB 177 will increase the costs of Ohio State's self-insured plan for <u>all</u> members.**

Counting costs subsidized by another entity as costs paid by our members accelerates when the Plan will become responsible for all of that member's eligible expenses, **<u>including the full cost of specialty and non-specialty medications</u>**. This is because copay assistance programs no longer apply once the Plan's annual maximum has been met. In the example I provided above, this means Ohio State's Plan must cover the full cost of the medication ($5,000/month) even though the cost would only be $4,000 a month with a coupon. This will dramatically increase the Plan's overall costs, which translates to increases in premium contributions in subsequent years for all members.

3. **Ohio State's current copay assistance program saves money for all our employees, even customers who do not participate in copay assistance.**

In 2020, Ohio State implemented a program to help mitigate the significant rising costs for specialty prescription drugs. The program, administered by SaveOnSP, provides the ability for Plan members to have $0 cost for select specialty medications. The total financial impact of the SaveOnSP Program to Ohio State's Plan and members since its implementation in 2020 is significant:

Year	*# of Members Participating in SaveOnSP*	Total Prescriptions	*Total Member Out-of-Pocket Savings*	*Total Plan Savings*
2020	977	5,878	$577K	$5.1M
2021	999	8,000	$660K	$6.2M
2022	900	7,294	$567K	$7.2M
2023 YTD (Aug)	798	6,325	$435K	$5.7M

If House Bill 177 is passed as written, Ohio State's inability to utilize the SaveOnSP program in the manner intended will jeopardize our ability to help manage escalating annual prescription costs. For our self-insured Plan, the loss of the $24.2M we have saved since 2020 would ultimately result in higher future member costs through increased premium contributions and additional cost-shifting to members due to the Plan's inability to fully absorb ongoing pharmaceutical manufacturers' price increases.

While this bill is likely to have a beneficial impact on individuals that are insured in many health plans, self-insured plans run by public entities like Ohio State will lose out on a good system that is benefiting both our members and our Plan. Our request is that you carefully weigh the policy concerns we have outlined above, and that you strongly consider exempting self-insured plans run by public institutions of higher education from this legislation.

Thank you.